

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 109476
ORIGIN TRSE-00

INFO OCT-01 EA-10 ISO-00 XMB-02 EB-08 COME-00 /021 R

TX-387

DRAFTED BY TREASURY:MRYSS:SMCP
APPROVED BY EB/IFD/ODF:EWOOLLIS
TREASURY:GCHUFBAUER
XMB:DDENON
COMMERCE:RSHAW
EB/IFD/ODF:TPARKER
EA/J:HCOCHRAN

-----102363 290100Z /66

P 282349Z APR 78
FM SECSTATE WASHDC
TO AMEMBASSY TOKYO PRIORITY

LIMITED OFFICIAL USE STATE 109476

E.O. 11652: N/A

TAGS: ETRD, JA, XMB

SUBJECT: MIXED CREDITS

REF: (A) STATE 75697 AND (B) TOKYO 7276

1. REFTEL B REPORT ON USE OF MIXED CREDITS EXTENDED BY
JAPANESE GOVERNMENT IN 1976 AND 1977 AND CURRENTLY UNDER
CONSIDERATION FOR PROJECT IN COLOMBIA CAME AS UNPLEASANT
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 109476

SURPRISE IN LIGHT OF OUR UNDERSTANDING, BASED ON STATE-
MENTS BY JAPANESE OFFICIALS IN WASHINGTON AND ELSEWHERE,
THAT GOJ HAS NOT EXTENDED MIXED CREDITS SINCE CONSENSUS
CAME INTO EFFECT ON JULY 1, 1976.

2. EVEN THOUGH MIXED CREDIT FINANCING USED ONLY ON
OCCASIONAL BASIS AND GOJ PLANS ONLY TO CONTINUE ITS USE ON
AN OCCASIONAL BASIS, THIS TYPE OF FINANCING CREATES
SERIOUS PROBLEMS FOR USG AND OTHER GOVERNMENTS BECAUSE IT

DEPRIVES THEIR EXPORTERS OF OPPORTUNITY FOR SALES ON NORMAL COMMERCIAL BASIS AND CREATES PRESSURE FOR EMULATION. USG INTENDS TO PRESS STRONGLY FOR INTERNATIONAL AGREEMENT TO PROHIBIT MIXED CREDIT FINANCING AND HAD HOPED THAT GOJ WOULD SUPPORT THAT EFFORT. IT MAKES VERY LITTLE SENSE FOR GOJ TO AGREE TO UNTIE AID AND, AT THE SAME TIME, PROVIDE MIXED CREDITS.

3. EMBASSY IS REQUESTED TO MAKE REPRESENTATIONS AT APPROPRIATE LEVELS OF GOJ TO EMPHASIZE THAT USE OF MIXED CREDIT FINANCING, EVEN ON OCCASIONAL BASIS, CONSTITUTES AN UNDERSIRABLE PRACTICE WHICH CAN FORCE OTHER GOVERNMENTS TO ADOPT SIMILAR PROGRAMS TO THE DETRIMENT OF BOTH DEVELOPED AND DEVELOPING COUNTRIES. SERIOUS CONCERNS ABOUT THE USE OF MIXED CREDIT FINANCING BY OTHER GOVERNMENTS WERE EXPRESSED DURING THE RECENT EXPORT-IMPORT BANK ACT HEARINGS IN THE HOUSE AND THE SENATE. THIS ISSUE IS NOW BEING CONSIDERED BY THE NATIONAL ADVISORY COUNCIL (NAC) BUT THE CONGRESS HAS BEEN ADVISED THAT, FOR THE TIME BEING, THE EXIMBANK WOULD ACT ON A CASE-BY-CASE BASIS TO MATCH SUCH CREDITS.

4. THE EMBASSY SHOULD EXPRESS THE STRONG HOPE THAT THE GOJ DOES NOT MIX AID AND COMMERCIAL CREDITS IN THE LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 109476

COLOMBIAN PROJECT MENTIONED REF B OR PROVIDE MIXED CREDIT TO ANY OTHER COUNTRY. FURTHER, EMBASSY SHOULD NOTE THAT WE WOULD CONSIDER SUCH ACTION AS CONTRARY TO THE SPIRIT, IF NOT THE LETTER, OF RECENT GOJ UNDERTAKINGS TO REDUCE ITS CURRENT ACCOUNT SURPLUS.

5. PLEASE REPORT SOONEST ON GOJ REACTION AND RESPONSE TO THIS DEMARCHE. VANCE

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CREDIT, ECONOMIC PROGRAMS, LOANS
Control Number: n/a
Copy: SINGLE
Draft Date: 28 apr 1978
Decaption Date: 20 Mar 2014
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE109476
Document Source: CORE
Document Unique ID: 00
Drafter: MRYSS:SMCP
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780183-0217
Format: TEL
From: STATE
Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t1978043/aaaaacbf.tel
Line Count: 100
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: bb2c54a9-c288-dd11-92da-001cc4696bcc
Office: ORIGIN TRSE
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: ONLY
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: ONLY
Reference: 78 STATE 75697, 78 TOKYO 7276
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2886992
Secure: OPEN
Status: NATIVE
Subject: MIXED CREDITS
TAGS: ETRD, JA, XMB
To: TOKYO
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/bb2c54a9-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014